California Medicine

# EDITORIAL

## Plusses and Minuses

### The California Medical Assistance Program

BECAUSE it may cast light on what to expect of the operation of the Federal "Medicare" program when it goes into effect 1 July, experience thus far with California's somewhat similar plan, which was begun 1 March of this year, is a matter of considerable interest to physicians the country over.

This comprehensive plan, called California Medical Assistance Program (CMAP), was passed by the 1965 Legislature "to pay for basic health care of eligible persons [the needy of various categories, including the aged indigent] . . . through a system of prepaid health care or contract with carriers." The State entered into a contract with California Physicians' Service and the California Blue Cross Plans to deal with claims under the program. More than 20 foundations for medical care have agreed with CPS to assist in reviewing physicians' claims.

The total number of potential eligibles under the program is estimated at about 2,500,000. A little less than half of that number is made up of persons who are on public assistance rolls, and the remainder comprises those who, although in the main self-supporting, might have to have help in event of need for extraordinary medical care.

During the first three months of the program, over 2,300,000 claims were received by the contractors from physicians, hospitals, nursing homes, home health agencies, rehabilitation centers, dentists, clinical laboratories, pharmacists, registered nurses, chiropractors, podiatrists, physical, occupational and speech therapists, optometrists, psychologists and those furnishing ambulance service, prosthetic devices, hearing aids and eyeglasses.

More than 105,000 claims have been received from hospitals, nursing homes and other institutions, and the amounts paid on those claims has reached about $15,000,000. Drug claims led all the rest, numbering approximately one and a half million, on which $1,240,000 has been paid. More than 350,000 physician claims have been received and $4,500,000 has been paid on them.

Some claims have been returned for technical or administrative reasons such as insufficient information. Others have not been processed because the carrier cannot establish eligibility of the person treated. Some county welfare departments have experienced difficulty and delays in supplying up-to-date eligibility information that the CPS-Blue Cross administration must have to process claims.

Confusion among physicians and clinical laboratories has been caused by reduction of claims for clinical laboratory services. The reductions were made because the State Department of Finance imposed a maximum schedule of allowances on all clinical laboratory procedures, whether performed by a physician or in a licensed laboratory. The schedule adopted is based on the 1964 Relative Value Studies with unit values converted at a $4 factor. Efforts to change this rule and this conversion factor have not yet been successful but they are still being pressed.

There have also been misunderstandings about allowances for medically necessary injections, immunization materials and other supplies furnished by the treating physician. On this point a clarifying letter of instruction has now been received by

the contractor, stating that "necessary drugs, materials and supplies *provided by the physician* may be charged for separately . . ."

In addition to the schedule of allowances for laboratory services, the State Department of Finance has published a maximum schedule of allowances for physical therapy, dental, chiropractic, podiatric and optometric services, as well as for hearing aids, eyeglasses and prosthetic and orthotic appliances. The State is at present developing fee schedules covering the services of psychologists, speech and hearing centers, ambulance services and the like. Hospitals and nursing homes are paid on the basis of certified cost statements submitted by them.

Over all, some 50 to 90 per cent of the claims received from various areas of the state for physicians' services are within the range of charges which might be expected, based on the experience of review committees and surveys that have been conducted by the CMA and county medical societies. For the most part claims within the expected range have been paid promptly. Other physicians' claims are being reviewed by local committees to determine if they are "reasonable" and within the range of customary or prevailing charges in the community as well as in accord with the usual charge by the physician for a comparable service for comparable patients. We are advised that in some instances the treating physician may have made a mistake in identifying the procedure he performed, and that when this detail is reviewed and corrected the claim can be paid.

The review committees have also been scrutinizing utilization patterns. In this area of review the opinion of the medical community will be controlling and persuasive with the carrier and the courts. Such activities call for both objectivity and courage. We are sure that the medical review committees will equip themselves well with fact and sound judgment, and thus safeguard both the public and the profession.

Based on early reports, there is reason to congratulate the medical profession, in the main, for billing a reasonable charge for services rendered —one that is not higher than the charge for a comparable service generally made by the physician and is within the customary, current, prevailing range of charges in the locality for similar services.

A word of commendation is due also to the California Physicians' Service and Blue Cross plans for the efficient way in which they have administered this tremendous new program. As omissions and weaknesses have been located, they have been corrected with dispatch.

Likewise, the State administrators—Mr. Paul Ward, Dr. Lester Breslow (M.D.), Dr. Fernando Torgerson (Ph.D.), Mr. J. M. Wedemeyer and the others who have worked many long hours with them—have our approbation for the understanding and good will they have evidenced in implementing this program.